

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1311 Public Meetings/Public Service Commission

SPONSOR(S): Payne

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Tourism, Infrastructure & Energy Subcommittee	18 Y, 0 N	Keating	Keating
2) Government Operations Subcommittee			
3) Commerce Committee			

SUMMARY ANALYSIS

Current law provides public record exemptions for proprietary confidential business information provided to and held by the Public Service Commission (PSC). The PSC has established practices and procedures to ensure that this information is protected from disclosure during formal evidentiary hearings that must be held in compliance with the Sunshine Law. Rarely, however, the PSC may find that a case is so heavily intertwined with confidential information, or the volume of that information so substantial, that it cannot afford the parties a full and fair public hearing and also protect the confidential information. In these cases, it may forward the matter to the Division of Administrative Hearings to hold a closed hearing, as the PSC lacks a public meeting exemption to close any part of its own hearings.

The bill creates a public meeting exemption for any portion of a formal administrative hearing held by the PSC which the PSC finds cannot be “fully and fairly conducted” without necessarily revealing proprietary confidential business information that is exempt from disclosure as a public record. It also creates a public record exemption for those portions of the hearing transcript that contain such information. Each redacted portion of the transcript remains exempt from disclosure as a public record unless a court of competent jurisdiction determines that the redacted portion of the transcript is not restricted to the discussion of data and information made exempt by this section.

The bill provides that this public meeting and public record exemption is subject to the Open Government Sunset Review Act and will stand repealed on October 2, 2026, unless reviewed and saved from repeal through reenactment by the Legislature. It also provides a statement of public necessity as required by the Florida Constitution.

The bill does not appear to have a fiscal impact on state or local governments.

The bill provides an effective date of upon becoming law.

Article I, section 24(c) of the Florida Constitution requires a two-thirds vote of the members present and voting for final passage of a newly created or expanded public meeting or public record exemption. The bill creates a new public meeting and public record exemption; thus, it requires a two-thirds vote for final passage.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Public Records

Article I, section 24(a) of the Florida Constitution sets forth the state's public policy regarding access to government records. This section guarantees every person a right to inspect or copy any public record of the legislative, executive, and judicial branches of government. The Legislature, however, may provide by general law for the exemption of records from the requirements of Article I, section 24(a).¹ The general law must state with specificity the public necessity justifying the exemption² and must be no more broad than necessary to accomplish its purpose.³

Public Meetings

Article I, section 24(b) of the Florida Constitution sets forth the state's public policy regarding access to government meetings. The section requires that all meetings of any collegial public body of the executive branch of state government or of any collegial public body of a county, municipality, school district, or special district, at which official acts are to be taken or at which public business of such body is to be transacted or discussed, be open and noticed to the public.

Public policy regarding access to government meetings also is addressed in the Florida Statutes. Section 286.011, F.S., known as the "Government in the Sunshine Law" or "Sunshine Law," further requires that all meetings of any board or commission of any state agency or authority or of any agency or authority of any county, municipal corporation, or political subdivision, at which official acts are to be taken be open to the public at all times.⁴ The board or commission must provide reasonable notice of all public meetings.⁵ Public meetings may not be held at any location that discriminates on the basis of sex, age, race, creed, color, origin, or economic status or that operates in a manner that unreasonably restricts the public's access to the facility.⁶ Minutes of a public meeting must be promptly recorded and open to public inspection.⁷

The Legislature may provide by general law for the exemption of meetings from the requirements of article I, section 24(b) of the Florida Constitution.⁸ The general law must state with specificity the public necessity justifying the exemption⁹ and must be no more broad than necessary to accomplish its purpose.¹⁰

Open Government Sunset Review

The Open Government Sunset Review Act¹¹ provides that a public meeting and public record exemption may be created or maintained only if it serves an identifiable public purpose. In addition, it may be no more broad than necessary to meet one of the following purposes:

- Allow the state or its political subdivisions to effectively and efficiently administer a governmental program, which administration would be significantly impaired without the exemption.
- Protect sensitive personal information that, if released, would be defamatory or would jeopardize an individual's safety; however, only the identity of an individual may be exempted under this provision.

¹ FLA. CONST. art. I, s. 24(c).

² This portion of a public record exemption is commonly referred to as a "public necessity statement."

³ FLA. CONST. art. I, s. 24(c).

⁴ S. 286.011(1), F.S.

⁵ *Id.*

⁶ S. 286.011(6), F.S.

⁷ S. 286.011(2), F.S.

⁸ FLA. CONST. art. I, s. 24(c).

⁹ This portion of a public meeting exemption is commonly referred to as a "public necessity statement."

¹⁰ FLA. CONST. art. I, s. 24(c).

¹¹ S. 119.15, F.S.

- Protect trade or business secrets.¹²

The Act requires the automatic repeal of a public meeting or public record exemption on October 2nd of the fifth year after its creation or substantial amendment, unless the Legislature reenacts the exemption.¹³

Proceedings before the Public Service Commission

The Public Service Commission (PSC) is an arm of the legislative branch of government.¹⁴ The role of the PSC is to ensure that Florida's consumers receive some of their most essential services – electric, natural gas, telephone, water, and wastewater – in a safe, affordable, and reliable manner. In doing so, the PSC exercises regulatory authority over utilities in one or more of three key areas: rate base/economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.¹⁵ The PSC possesses extensive expertise in the unique legal and policy considerations applicable to Florida's regulated utilities and their ratepayers and employs this expertise when it conducts administrative hearings and independently weighs the evidence presented.¹⁶

Each meeting, workshop, hearing, or other proceeding attended by two or more PSC commissioners, and each proceeding where a decision that concerns the rights or obligations of any person is made, must be streamed live on the Internet.¹⁷ Further, a recorded copy of each such meeting, workshop, hearing, or proceeding must be made available on the commission's website.¹⁸

Although it is authorized to refer matters to the Division of Administrative Hearings (DOAH) for formal evidentiary hearings and fact finding,¹⁹ the PSC is unique among state agencies in that it conducts most of its own formal evidentiary hearings.²⁰ In these hearings, commissioners rule on procedural matters, establish evidence of record, weigh the record evidence, and apply the law to the facts of the case. Many of these hearings involve some amount of proprietary confidential business information that is exempted by statute from public disclosure,²¹ as described below.

All formal administrative hearings conducted by the PSC are noticed and open to the public, consistent with the Sunshine Law. The PSC has established practices and procedures that allow these hearings to be conducted in a manner that complies with the Sunshine Law and protects proprietary confidential business information from disclosure. In these hearings, confidential material typically plays a minor role in the resolution of any particular issue, and the parties avoid public disclosure of this material by stipulating to certain matters and keeping discussions of confidential matters, which generally occur during cross examination, minimal and without mention of critical details. Recently, however, the PSC has found certain dockets where fact-finding on one or more issues is so intertwined with confidential information, and the volume of that information is so substantial, that it cannot afford the parties a full and fair hearing in the public and also protect the confidential information.²²

Public Record Exemptions for Proprietary Confidential Business Information held by the PSC

Current law provides that any records received by the PSC which are shown and found by the PSC to be proprietary confidential business information must be kept confidential and are exempt from public disclosure.²³ For these purposes, the law defines proprietary confidential business information as “information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations,

¹² S. 119.15(6)(b), F.S.

¹³ S. 119.15(3), F.S.

¹⁴ S. 350.001, F.S.

¹⁵ Florida Public Service Commission, <http://www.psc.state.fl.us/> (last visited March 11, 2021).

¹⁶ Florida Public Service Commission, Agency Analysis of 2021 House Bill 1311, p. 1 (March 4, 2021).

¹⁷ S. 350.01(8), F.S.

¹⁸ *Id.*

¹⁹ Ss. 350.125 and 120.569(2), F.S.

²⁰ FPSC, *supra* note 17, at 1. These formal evidentiary hearings consist of hearings conducted pursuant to ss. 120.569 and 120.57, F.S.

²¹ *Id.*

²² FPSC, *supra* note 17, at 1.

²³ See ss. 366.093, 367.156, and 368.108, F.S. Records obtained under ch. 364 must be kept confidential by the PSC and are exempt from public disclosure upon a claim by the person providing the records. S. 364.183, F.S.

and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that provides that the information will not be released to the public.” This information includes, but is not limited to:

- Trade secrets.
- Internal auditing controls and reports of internal auditors.
- Security measures, systems, or procedures.
- Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.
- Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.
- Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.²⁴

Any PSC finding that records contain proprietary confidential business information is effective for a period set by the PSC not to exceed 18 months, unless the PSC finds, for good cause, that the protection from disclosure should be for a specified longer period.²⁵

Effect of the Bill

The bill creates a public meeting exemption for any portion of a formal administrative hearing held by the PSC which the PSC finds cannot be “fully and fairly conducted” without necessarily revealing proprietary confidential business information that is exempt from disclosure as a public record as described above. The bill requires that all portions of the hearing, including any portion exempted by the bill, must be recorded and transcribed by a certified court reporter.

The bill further provides that, not later than 21 days after the hearing transcript is filed with the PSC clerk, each party making a claim that one or more portions of the transcript contains confidential information that is exempt from disclosure as a public record shall provide the PSC clerk redactions of that information and a request for confidential treatment. Failure to timely file redactions and a request for confidential treatment constitutes a waiver of any continued claim of confidentiality only to that portion of the transcript. The bill requires the PSC clerk to prepare a transcript redacting all information for which a claim has been approved by the PSC through this process.

The bill provides that this redacted transcript will be made part of the public record at the conclusion of the underlying proceeding. The redacted portions of the transcript remain exempt from disclosure as public records unless a court of competent jurisdiction, following an in-camera review, determines that the hearing or portion thereof documented in the portion of the transcript that was redacted was not restricted to the discussion of data and information made exempt by this section. In the event of such a judicial determination, only the redacted portion of the transcript which reveals nonexempt data and information may be disclosed to the public.

The bill provides that the PSC is not required to live-stream or make a recording available on its website for any portion of a hearing that is exempted from the Sunshine Law under these provisions.

The bill provides a statement of public necessity as required by the Florida Constitution, which provides the following legislative findings:

- The PSC is charged by statute with establishing just, fair, and compensatory utility rates, and the fact-finding role of the PSC is integral in its decision making, as all PSC decisions must be supported by a record of competent, substantial evidence.
- Under certain circumstances, the PSC must be able to evaluate and discuss proprietary confidential business information in order to make a determination in the public interest, and parties must be able to conduct cross-examination on such information in formal evidentiary proceedings.

²⁴ See ss. 364.183, 366.093, 367.156, and 368.108, F.S.

²⁵ *Id.*

- The PSC and parties to PSC proceedings are constrained from asking questions about essential proprietary confidential business information important to the outcome of a case.
- It is a public necessity that those portions of formal administrative hearings before the PSC at which proprietary confidential business information is discussed, and the associated portions of hearing transcripts, be made exempt from the Sunshine Law to allow parties to conduct cross-examination on such information and the PSC to evaluate the information and make a determination in the public interest.

In accordance with s. 119.15, F.S., the bill provides that these exemptions are subject to the Open Government Sunset Review Act and will stand repealed on October 2, 2026, unless reviewed and saved from repeal through reenactment by the Legislature.

B. SECTION DIRECTORY:

Section 1 Amends s. 286.0113, F.S., relating to general exemptions from public meetings.

Section 2 Amends s. 350.01, F.S., relating to the Florida Public Service Commission; terms of commissioners; vacancies; election and duties of chair; quorum; proceedings.

Section 3 Provides a statement of public necessity.

Section 4 Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities

2. Other:

Vote Requirement

Article I, section 24(c) of the Florida Constitution requires a two-thirds vote of the members present and voting for final passage of a newly created public meeting or public record exemption. The bill creates a new public meeting and public record exemption; thus, it requires a two-thirds vote for final passage.

Public Necessity Statement

Article I, section 24(c) of the Florida Constitution requires a public necessity statement for a newly created or expanded public meeting or public record exemption. The bill creates a new public meeting and public record exemption and includes a statement supporting the public necessity for these exemptions.

Breadth of Exemption

Article I, section 24(c) of the Florida Constitution requires a newly created public meeting or public record exemption to be no broader than necessary to accomplish the stated purpose of the law. The bill creates a public meeting exemption for only the portion of a formal administrative hearing held by the PSC that would reveal information specifically identified as confidential proprietary business information exempt from disclosure under existing public record exemptions in ss. 364.183, 366.093, 367.156, and 368.108, F.S. and creates a public record exemption for only those portions of the associated hearing transcripts. As such, these exemptions do not appear to be in conflict with the constitutional requirement that they be no broader than necessary to accomplish their purpose.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

In order to exempt any portion of a formal administrative hearing from the Sunshine Law, the bill requires a finding by the PSC that that portion of the hearing cannot be "fully and fairly conducted" without necessarily revealing proprietary confidential business information. This additional finding may be unnecessary to accomplish the purpose of the bill and could create an avenue for additional challenges.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES